



## Financial Services Audit Committee Communication

**Date:** October 23, 2020

**To:** Great Lakes Water Authority Audit Committee

**From:** Lisa L Mancini, Financial Planning & Analysis Manager

**Re:** FY 2021 First Quarter Budget Amendments through September 30, 2020 and  
Proposed Budget Amendment Resolution

**Background:** In accordance with the budget amendment policy, articles, and by-laws for the Great Lakes Water Authority, a quarterly budget amendment report is presented for review by the Audit Committee. When budget amendments are required at the appropriation level as defined by the corresponding fiscal year budget adoption resolution, the Audit Committee will review the proposed budget amendments and forward to the Board of Directors with a recommendation.

**Analysis:** The budget amendment report is organized in the following manner.

**1. Appropriation Level - Revenue Requirement - Water and Sewer Systems**

- a. Supplemental Information - Fund Level - Water System and Sewer System*
- b. Supplemental Information - Enterprise-wide Core Groups*
- c. Supplemental Information - Enterprise-wide Operations & Maintenance Account Type*
- d. Supplemental Information - Enterprise-wide Operations & Maintenance Department and Account Level Amendments (see Addendum)*

**2. Appropriation Level – Improvement & Extension Fund – Water and Sewer Systems**

**3. Appropriation Level – Construction Bond Fund – Water and Sewer Systems**

A budget amendment resolution reflecting the budget amendments is also attached.

**Proposed Action:** The Audit Committee recommends that the Board of Directors for the Great Lakes Water Authority adopt the proposed budget resolution for the first quarter FY 2021 budget amendments.



## Quarterly Budget Amendment Report FY 2021 Ending September 30, 2020

### Appropriation Level - Revenue Requirement – Water System General Operating

Water System	FY 2021 Board Adopted Budget	Deferral 1 through 9/30/2020 *	Deferral 2 through 12/31/2020	Total 1st Quarter FY 2021 Amendments	FY 2021 Amended Budget	FY 2021 Activity Thru 7/31/2020
<b>Revenues</b>						
Suburban Wholesale Customer Charges	\$ 314,252,200	\$ (2,901,400)	\$ 1,782,800	\$ (1,118,600)	\$ 313,133,600	\$ 32,891,135
Retail Service Charges	22,555,400	(315,200)	(314,700)	(629,900)	21,925,500	1,853,350
Investment Earnings	4,834,400	-	(3,564,800)	(3,564,800)	1,269,600	472,923
Other Revenues	-	-	-	-	-	-
<b>Total Revenues</b>	<b>\$ 341,642,000</b>	<b>\$ (3,216,600)</b>	<b>\$ (2,096,700)</b>	<b>\$ (5,313,300)</b>	<b>\$ 336,328,700</b>	<b>\$ 35,217,408</b>
<b>Revenue Requirements</b>						
Operations & Maintenance Expense	\$ 137,127,300	\$ (3,000,000)	\$ -	\$ (3,000,000)	\$ 134,127,300	\$ 10,035,603
General Retirement System Legacy Pension	6,048,000	-	-	-	6,048,000	504,000
Debt Service	143,189,900	-	(5,753,900)	(5,753,900)	137,436,000	11,477,400
General Retirement System Accelerated Pension	6,268,300	-	-	-	6,268,300	522,358
Extraordinary Repair & Replacement Deposit	-	-	-	-	-	-
Water Residential Assistance Program Contribution	1,669,400	-	-	-	1,669,400	137,775
Lease Payment	22,500,000	-	-	-	22,500,000	1,875,000
Operating Reserve Deposit	876,600	-	(876,600)	(876,600)	-	-
DWSD Budget Shortfall Pending Improvement & Extension Fund	-	-	-	-	-	416,728
Transfer Pending	23,962,500	(216,600)	4,533,800	4,317,200	28,279,700	1,996,875
<b>Total Revenue Requirements</b>	<b>\$ 341,642,000</b>	<b>\$ (3,216,600)</b>	<b>\$ (2,096,700)</b>	<b>\$ (5,313,300)</b>	<b>\$ 336,328,700</b>	<b>\$ 26,965,739</b>

(\*) Information in this column is based on the 'Proposed FY 2021 Budget Reductions' report which was presented at the June 19, 2020 Audit Committee and subsequently the June 24, 2020 GLWA Board meeting. The information presented in the June report was an approximation, based on information available at the time that the report was created. The information has been adjusted by approximately \$200,000 based upon analysis of revenue trends.

<b>Appropriation Level – Revenue Requirement – Water System General Operating Budget Amendment Explanation</b>	
<b>Revenues</b>	
Suburban Wholesale Customer Charges	<i>The reduction to this category is due to the deferral of the effective date for the FY 2021 Schedule of Service Charges from July 1, 2020 to January 1, 2021. This reduction has been offset by the first quarter positive variance due to the increase in water demand usage during the summer months. At this time, an amendment is proposed for the cumulative revenue shortfall forecast of approximately \$1.1 million.</i>
Retail Services Charges	<i>As noted above, this reduction is the companion retail system amendment due to the deferral of the effective date for the FY 2021 Schedule of Service Charges.</i>
Investment Earnings	<i>Decrease in earnings due to market conditions since declaration of COVID-19 pandemic emergency.</i>
Other Revenues	<i>No budget amendment is required.</i>
<b>Revenue Requirements (Expenditures)</b>	
Operations & Maintenance Expense	<i>Expenses were reduced to align with charge revenue reductions. Additional information related to the details of how this was accomplished is provided in this report.</i>
General Retirement System Legacy Pension	<i>No budget amendment is required. Budget and funding are on a fixed schedule.</i>
Debt Service	<i>Decrease largely due to May 2020 refunding transaction savings and timing of SRF draws.</i>
General Retirement System Legacy Pension – Accelerated Payment	<i>No budget amendment is required. Budget and funding are on a fixed schedule.</i>
Extraordinary Repair & Replacement	<i>No budget amendment is required. This is a formulaic requirement in the Master Bond Ordinance. Based on adopted and amended budget, no adjustment is required.</i>
Water Residential Assistance Program Contribution	<i>No budget amendment is required. Budget is fixed at time of budget adoption.</i>



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<b>Appropriation Level – Revenue Requirement – Water System General Operating Budget Amendment Explanation</b>	
Lease Payment	<i>No budget amendment is required. Lease payment is established in accordance with terms of the lease.</i>
Operating Reserve Deposit	<i>Based on further review and analysis, this operating reserve is no longer required.</i>
DWSD Budget Shortfall Pending	<i>No budget amendment is proposed at this time. Represents budget shortfall attributable to decline in collections since declaration of COVID-19 pandemic emergency. The 2018 Memorandum of Understanding provides guidance related to repayment to the extent that the shortfall is not cured by other means before June 30<sup>th</sup> of the subsequent year. Communication with DWSD Management indicates that plans are cautiously optimistic that the shortfall will be cured by year-end.</i>
Improvement & Extension Fund Transfer Pending	<i>Represents annual funding for pay-as-you-go capital improvement program. Budget amendments to investment earnings, debt service, and the Operating Reserve Deposit affect this line item.</i>



## Quarterly Budget Amendment Report FY 2021 Ending September 30, 2020

### Appropriation Level - Revenue Requirement – Sewer System

Sewer System	FY 2021 Board Adopted Budget	Deferral 1 through 9/30/2020 *	Deferral 2 through 12/31/2020	Total 1st Quarter FY 2021 Amendments	FY 2021 Amended Budget	FY 2021 Activity Thru 7/31/2020
<b>Revenues</b>						
Suburban Wholesale Customer Charges	\$ 277,011,800	\$ (1,479,300)	\$ (1,479,000)	\$ (2,958,300)	\$ 274,053,500	\$ 22,391,866
Retail Service Charges	190,112,100	(1,076,200)	(1,076,200)	(2,152,400)	187,959,700	15,752,992
Industrial Waste Control Charges	8,775,400	(46,000)	(46,100)	(92,100)	8,683,300	658,870
Pollutant Surcharges	5,262,800	(27,600)	(27,600)	(55,200)	5,207,600	452,394
Investment Earnings	5,589,200	-	(4,602,300)	(4,602,300)	986,900	322,214
Other Revenues	-	-	-	-	-	33,039
<b>Total Revenues</b>	<b>\$ 486,751,300</b>	<b>\$ (2,629,100)</b>	<b>\$ (7,231,200)</b>	<b>\$ (9,860,300)</b>	<b>\$ 476,891,000</b>	<b>\$ 39,611,375</b>
<b>Revenue Requirements</b>						
Operations & Maintenance Expense	\$ 184,946,100	\$ (2,650,100)	\$ -	\$ (2,650,100)	\$ 182,296,000	\$ 13,198,434
General Retirement System Legacy Pension	10,824,000	-	-	-	10,824,000	902,000
Debt Service	209,739,900	-	(7,959,500)	(7,959,500)	201,780,400	16,936,709
General Retirement System Accelerated Pension	11,620,700	-	-	-	11,620,700	968,392
Extraordinary Repair & Replacement Deposit	-	-	-	-	-	-
Water Residential Assistance Program Contribution	2,415,100	-	-	-	2,415,100	200,167
Lease Payment	27,500,000	-	-	-	27,500,000	2,291,667
Operating Reserve Deposit	-	-	-	-	-	-
DWSD Budget Shortfall Pending	-	-	-	-	-	4,127,058
Improvement & Extension Fund Transfer Pending	39,705,500	21,000	728,300	749,300	40,454,800	3,308,792
<b>Total Revenue Requirements</b>	<b>\$ 486,751,300</b>	<b>\$ (2,629,100)</b>	<b>\$ (7,231,200)</b>	<b>\$ (9,860,300)</b>	<b>\$ 476,891,000</b>	<b>\$ 41,933,219</b>

(\*) Information in this column is based on the 'Proposed FY 2021 budget reductions' report which was presented at the June 19, 2020 Audit Committee and subsequently the June 24, 2020 GLWA Board meeting. The information presented in the June report was an approximation, based on information available at the time that the report was created. The information has been adjusted by approximately \$30,000 based upon further analysis.



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<b>Appropriation Level – Revenue Requirement – Water System General Operating Budget Amendment Explanation</b>	
<b>Revenues</b>	
Suburban Wholesale Customer Charges	<i>The reduction to this category is due to the deferral of the effective date for the Schedule of Service Charges from July 1, 2020 to January 1, 2021.</i>
Retail Services Charges	<i>As noted above, this reduction is due to the deferral of the effective date for the Schedule of Service Charges.</i>
Industrial Waste Control Charges	<i>See explanation for Retail Service Charges.</i>
Pollutant Surcharges	<i>See explanation for Industrial Waste Control Charges.</i>
Investment Earnings	<i>Decrease in earnings due to market conditions since declaration of COVID-19 pandemic emergency.</i>
Other Revenues	<i>No budget amendment is required.</i>
<b>Revenue Requirements (Expenditures)</b>	
Operations & Maintenance Expense	<i>Enterprise-wide centralized services and administrative expenses were reduced to achieve corresponding revenue charge revenue reductions for the water system. Additional information related to the details of how this was accomplished is provided in this report.</i>
General Retirement System Legacy Pension	<i>No budget amendment is required. Budget and funding are on a fixed schedule.</i>
Debt Service	<i>Decrease largely due to forecast versus actual timing of state revolving fund loan draws, interest for a new money bond issue that was deferred, and an adjustment for a variable rate debt.</i>
General Retirement System Legacy Pension – Accelerated Payment	<i>No budget amendment is required. Budget and funding are on a fixed schedule.</i>



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<b>Appropriation Level – Revenue Requirement – Water System General Operating Budget Amendment Explanation</b>	
Extraordinary Repair & Replacement	<i>No budget amendment is required. This is a formulaic requirement in the Master Bond Ordinance. Based on adopted and amended budget, no adjustment is required.</i>
Water Residential Assistance Program Contribution	<i>No budget amendment is required. Budget is fixed at time of budget adoption.</i>
Lease Payment	<i>No budget amendment is required. Lease payment is established in accordance with terms of the lease.</i>
Operating Reserve Deposit	<i>Based on further review and analysis, this operating reserve is no longer required.</i>
DWSD Budget Shortfall Pending	<i>Represents budget shortfall attributable to decline in collections since declaration of COVID-19 pandemic emergency. The 2018 Memorandum of Understanding provides guidance related to repayment to the extent that the shortfall is not cured by other means before June 30<sup>th</sup> of the subsequent year. Communication with DWSD Management indicates that plans are cautiously optimistic that the shortfall will be cured by year-end.</i>
Improvement & Extension Fund Transfer Pending	<i>Represents annual funding for pay-as-you-go capital improvement program. Budget amendments to investment earnings and debt service affect this line item.</i>



## Quarterly Budget Amendment Report FY 2021 Ending September 30, 2020

### *Supplemental Information – Operating Fund Level - Water System and Sewer System*

System	FY 2021 Board Adopted Budget	Deferral 1 through 9/30/2020	Deferral 2 through 12/31/2020	Total 1st Quarter FY 2021 Amendments	FY 2021 Amended Budget	FY 2021 Activity Thru 7/31/2020
Water System Operations	\$ 137,127,300	\$ (3,000,000)	\$ -	\$ (3,000,000)	\$ 134,127,300	\$ 10,035,603
Wastewater System Operations	184,946,100	(2,650,100)	-	(2,650,100)	182,296,000	13,198,433
<b>Total</b>	<b>\$ 322,073,400</b>	<b>\$ (5,650,100)</b>	<b>\$ -</b>	<b>\$ (5,650,100)</b>	<b>\$ 316,423,300</b>	<b>\$ 23,234,036</b>

As shown in the table above, there are no budget amendments for transfers of resources between the water and sewer funds. It is unforeseen that such an amendment would occur as each system is accounted for as a stand-alone entity. The purpose of this table is to transparently report that funds from one system do not provide budget support to the other system.





## Quarterly Budget Amendment Report FY 2021 Ending September 30, 2020

### Supplemental Information - Enterprise-wide Core Groups

O&M Major Budget Categories (Core Groups)	FY 2021 Board Adopted Budget	Deferral 1 through 9/30/2020	Deferral 2 through 12/31/2020	Total 1st Quarter FY 2021 Amendments	FY 2021 Amended Budget	FY 2021 Activity Thru 7/31/2020
A Water System Operations	\$ 71,966,400	\$ (1,146,600)	\$ -	\$ (1,146,600)	\$ 70,819,800	\$ 5,820,822
B Wastewater System Operations	115,676,400	(701,300)	-	(701,300)	114,975,100	8,309,491
C Centralized Services	102,721,300	(2,382,900)	-	(2,382,900)	100,338,400	7,235,111
D Administrative & Other Service	31,709,300	(1,419,200)	-	(1,419,200)	30,290,100	1,868,612
<b>Total</b>	<b>\$ 322,073,400</b>	<b>\$ (5,650,000)</b>	<b>\$ -</b>	<b>\$ (5,650,000)</b>	<b>\$ 316,423,400</b>	<b>\$ 23,234,036</b>

A subset of the operating funds are core groups that account for A) direct cost of water operations, B) direct cost of sewer operations, C) centralized services (e.g. field services, security, information technology, facilities, and fleet), D) administrative services (e.g. finance, public affairs, general counsel, and organizational development). The costs of the latter two categories are allocated to the water and sewer systems based upon an internal cost allocation plan that is performed on an annual basis. Through the first quarter FY 2021, there are no amendments that cross the core groups. For more activity within these groups, see *Supplemental Information - Enterprise-wide Operations & Maintenance Department and Account Level Amendments (Addendum 1)*.

*Supplemental Information - Enterprise-wide Operations & Maintenance Account Type*

O&M Expense Categories (Account Type)	FY 2021 Board Adopted Budget	Deferral 1 through 9/30/2020	Deferral 2 through 12/31/2020	Total 1st Quarter FY 2021 Amendments	FY 2021 Amended Budget	FY 2021 Activity Thru 7/31/2020
Personnel Costs	\$ 110,333,100	\$ (1,527,100)	\$ -	\$ (1,527,100)	\$ 108,806,000	\$ 8,991,690
Utilities	51,937,000	-	-	-	\$ 51,937,000	4,868,157
Chemicals	13,419,800	-	-	-	\$ 13,419,800	1,403,069
Supplies & Other	38,620,800	(600,000)	1,000,000	400,000	\$ 39,020,800	1,802,493
Contractual Services	106,154,600	(1,372,200)	-	(1,372,200)	\$ 104,782,400	6,781,819
Capital Program Allocation	(3,447,700)	-	-	-	\$ (3,447,700)	(242,096)
Shared Services	(3,412,900)	-	-	-	\$ (3,412,900)	(371,096)
Unallocated Reserve	8,468,700	(2,150,800)	(1,000,000)	(3,150,800)	\$ 5,317,900	-
<b>Total</b>	<b>\$ 322,073,400</b>	<b>\$ (5,650,100)</b>	<b>\$ -</b>	<b>\$ (5,650,100)</b>	<b>\$ 316,423,300</b>	<b>\$ 23,234,036</b>

The table above presents the Operations & Maintenance budget by the major expense categories (account type).

For additional detail and the explanation of the key changes to the FY 2021 budget within these categories, see *Supplemental Information - Enterprise-wide Operations & Maintenance Department and Account Level Amendments (Addendum 1)*.

For an additional view of the Operations & Maintenance budget by expense category (account type) and by departmental level, see *Supplemental Information - Enterprise-wide Operations & Maintenance Account Type and Departmental Level Amendments (Addendum 2)*.

*Supplemental Information - Unallocated Reserve by Core Group*

O&M Unallocated Reserves	FY 2021 Board Adopted Budget	Deferral 1 through 9/30/2020	Deferral 2 through 12/31/2020	Total 1st Quarter FY 2021 Amendments	FY 2021 Amended Budget
Water System Operations	\$ 1,729,300	\$ (436,900)	\$ -	\$ (436,900)	\$ 1,292,400
Wastewater System Operations	4,603,900	(701,300)	(1,000,000)	(1,701,300)	2,902,600
Centralized Services	1,637,200	(642,900)	-	(642,900)	994,300
Administrative & Other Services	498,300	(369,700)	-	(369,700)	128,600
<b>Total</b>	<b>\$ 8,468,700</b>	<b>\$ (2,150,800)</b>	<b>\$ (1,000,000)</b>	<b>\$ (3,150,800)</b>	<b>\$ 5,317,900</b>

An Unallocated Reserve account is established for each of the four core groups. Budget is assigned to these accounts to cover expenditures not known at the time the budget is developed (merit increases, fluctuations within maintenance contracts and usage of utilities and chemicals, projects and initiatives not planned at the time the initial budget was developed, etc.). It is GLWA's internal budget directive for each area, group, and team to manage their needs to an amount within the initial budget. If required, an amendment is made from the unallocated reserve. If an area does not require as much funding as was established in the original budget, that department's budgeted expenses are reduced, and the unallocated reserve is increased.

As stated above, wage and benefit adjustments related to merit increases are included within the Operations & Maintenance contingency accounts (Unallocated Reserves) of the financial plan. The reduction to the Unallocated Reserves of \$2.2 million (Deferral 1 through September 30, 2020) represents the elimination of the estimated FY 2021 wage adjustment thus holding the Salaries & Wages at the current FY 2020 rates. The reduction to the Wastewater System Operations Unallocated Reserves of \$1 million relates to the fire that occurred on September 20, 2020, in the Complex II building located at the Water Resource Recovery Facility.

For additional information on the FY 2021 changes to the unallocated reserve, see *Supplemental Information - Enterprise-wide Operations & Maintenance Department and Account Level Amendments (Addendum 1)*.



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**Appropriation Level – Improvement & Extension Fund – Water System**

Water Improvement & Extension Fund	FY 2021 Board Adopted Budget	Deferral 1 through 9/30/2020	Deferral 2 through 12/31/2020	FY 2021 Amended Budget	Total 1st Quarter FY 2021 Amendments	FY 2021 Activity Thru 7/31/2020
<b>Revenues</b>						
Transfers In from General Operating	\$ 23,962,500	\$ (216,600)	\$ 4,533,800	\$ 4,317,200	\$ 28,279,700	\$ -
Earnings on Investments	-	-	-	-	-	409,011
Net Use of Reserves	68,929,500	216,600	(4,533,800)	(4,317,200)	64,612,300	-
<b>Total Revenues</b>	\$ 92,892,000	\$ -	\$ -	\$ -	\$ 92,892,000	\$ 409,011
<b>Expenditures</b>						
Water System Revenue Transfers Out	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 409,765
Capital Improvement Plan-I&E Funded	-	-	-	-	-	2,474
Capital Outlay	17,892,000	-	-	-	17,892,000	125,260
Revenue Financed Capital - Operating Transfer to Construction Fund	75,000,000	-	-	-	75,000,000	-
<b>Total Expenditures</b>	\$ 92,892,000	\$ -	\$ -	\$ -	\$ 92,892,000	\$ 537,500

**Appropriation Level – Improvement & Extension Fund – Water System Budget Amendment Explanation**

<b>Revenues</b>	
Water System Revenue Transfers In	<i>To match the amount available for transfer from FY 2021 revenue requirement based upon general operating fund performance. The increase is largely due to the May 2020 refunding savings and timing of SRF draws.</i>
Earnings on Investments	<i>Is budgeted at zero as there is a corresponding transfer of earnings back to general operating fund as allowed by the Master Bond Ordinance. The net effect on the I&amp;E Fund is zero as the earnings are budgeted and accounted for in the operating fund to lower revenue requirement for charges.</i>



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<b>Appropriation Level – Improvement &amp; Extension Fund – Water System Budget Amendment Explanation</b>	
Net Use (Source) of Reserves	<i>This amount represents the net amount of revenues less expenses. A negative amount represents an increase in reserves from current year activity rather than a use of reserves.</i>
<b><i>Expenditures</i></b>	
Water System Revenue Transfers Out (Earnings on Investments)	<i>Is budgeted at zero as there is a corresponding transfer of earnings back to general operating fund as allowed by the Master Bond Ordinance (so the net effect on the I&amp;E Fund is zero). Amendment is for estimated amount. Amount offsets Earnings on Investments. Any variance between the two line items represents a timing difference.</i>
Capital Improvement Plan Projects – I&E Funded	<i>No budget amendment is required. Represents projects in the Board adopted capital improvement plan (CIP) that do not meet the criteria for debt financing.</i>
Capital Outlay	<i>No budget amendment is required.</i>
Revenue Financed Capital – Transfer to Construction Fund	<i>No budget amendment is required.</i>



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**Appropriation Level - Improvement & Extension Fund – Sewer System**

Sewer Improvement & Extension Fund	FY 2021 Board Adopted Budget	Deferral 1 through 9/30/2020	Deferral 2 through 12/31/2020	FY 2021 Amended Budget	Total 1st Quarter FY 2021 Amendments	FY 2021 Activity Thru 7/31/2020
<b>Revenues</b>						
Transfers In from General Operating	\$ 39,705,500	\$ 21,000	\$ 728,300	\$ 749,300	\$ 40,454,800	\$ -
Receipt of DWSD Shortfall Loan	19,288,300	-	-	-	19,288,300	1,570,143
Earnings on Investments	-	-	-	-	-	162,017
Net Use of Reserves	3,987,300	(21,000)	(728,300)	(749,300)	3,238,000	-
<b>Total Revenues</b>	<b>\$ 62,981,100</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 62,981,100</b>	<b>\$ 1,732,160</b>
<b>Expenditures</b>						
Sewer System Revenue Transfers Out	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 231,551
Capital Improvement Plan-I&E Funded	-	-	-	-	-	547
Capital Outlay	20,481,100	-	-	-	20,481,100	\$ 246,101
Revenue Financed Capital - Operating Transfer to Construction Fund	42,500,000	-	-	-	42,500,000	-
<b>Total Expenditures</b>	<b>\$ 62,981,100</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 62,981,100</b>	<b>\$ 478,199</b>

**Appropriation Level – Improvement & Extension Fund – Sewer System Budget Amendment Explanations**

**Revenues**

Sewer System Revenue Transfers In	<i>To match the amount available for transfer from FY 2020 revenue requirement based upon general operating fund performance. The increase is largely due to the May 2020 refunding savings and timing of SRF draws.</i>
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<b>Appropriation Level – Improvement &amp; Extension Fund – Sewer System Budget Amendment Explanations</b>	
Earnings on Investments	<i>Has not been budgeted as there is a corresponding transfer of earnings back to general operating fund as allowed by the Master Bond Ordinance. The net effect on the I&amp;E Fund is zero as the earnings are budgeted and accounted for in the operating fund to lower revenue requirement for charges. An amendment will be prepared for the second quarter FY 2021.</i>
Net Use of Revenues	<i>This amount represents the net amount of revenues less expenditures. A negative amount represents an increase in reserves from current year activity rather than a use of reserves.</i>
<b>Expenditures</b>	
Water System Revenue Transfers Out (Earnings on Investments)	<i>Has not been budgeted as there is a corresponding transfer of earnings back to general operating fund as allowed by the Master Bond Ordinance (so the net effect on the I&amp;E Fund is zero). Amendment is for estimated amount. Amount offsets Earnings on Investments. Any variance between the two line items represents a timing difference. An amendment will be prepared for the second quarter FY 2021.</i>
Capital Outlay	<i>No budget amendment is required.</i>
Revenue Financed Capital – Transfer to Construction Fund	<i>No budget amendment is required.</i>



## Quarterly Budget Amendment Report FY 2021 Ending September 30, 2020

### Appropriation Level – Construction Bond Fund – Water System

Water Construction Bond Fund	FY 2021 Board Adopted Budget	Deferral 1 through 9/30/2020	Deferral 2 through 12/31/2020	FY 2021 Amended Budget	Total 1st Quarter FY 2021 Amendments	FY 2021 Activity Thru 7/31/2020
<b>Revenues</b>						
Transfer from Improvement & Extension Fund	\$ 75,000,000	\$ -	\$ -	\$ -	\$ 75,000,000	\$ -
Bond Proceeds	-	-	-	-	-	-
Grant Revenues (SRF Loans)	12,365,800	-	-	-	12,365,800	425,413
Earnings on Investments	820,400	-	(639,900)	(639,900)	180,500	9,679
Net Use of Reserves	22,486,800	-	639,900	639,900	23,126,700	-
<b>Total Revenues</b>	<b>\$ 110,673,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 110,673,000</b>	<b>\$ 435,092</b>
<b>Expenditures</b>						
Capital Improvement Plan	\$ 147,564,000	\$ -	\$ -	\$ -	\$ 147,564,000	\$ 5,998,246
Capital Spend Rate Adjustment	(36,891,000)	-	-	-	(36,891,000)	-
<b>Total Expenditures</b>	<b>\$ 110,673,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 110,673,000</b>	<b>\$ 5,998,246</b>

### Appropriation Level – Construction Bond Fund – Water System Budget Amendment Explanations

<b>Revenues</b>	
Transfers from Improvement & Extension Fund	<i>No budget amendment is required.</i>
Bond Proceeds	<i>No budget amendment is required.</i>
Grant Revenues (State Revolving Fund Loans)	<i>No budget amendment is required. State revolving fund loan disbursements are on a reimbursement basis. The amount and timing of funds fluctuates with project expenditures incurred. Details related to the SRF projects are presented in the quarterly debt report. The most recent quarterly debt report is presented in the <a href="#">August 2020 Audit Committee binder</a> which provides details related to the SRF funding and associated projects.</i>
Earnings on Investments	<i>Decrease in earnings due to market conditions since declaration of COVID-19 pandemic emergency.</i>



<b>Appropriation Level – Construction Bond Fund – Water System Budget Amendment Explanations</b>	
Net Use of Revenues	<i>This amount represents the net amount of revenues less expenditures. A “use of reserves” indicates a spend down of prior year reserves. The amount has been amended to offset the reduction to the Earnings on Investments.</i>
<b>Expenditures</b>	
Capital Improvement Plan	<i>No budget amendment is required. After contracts are awarded at amounts variant from the CIP plan and more reliable anticipated spend data becomes available, the amended budget for the current fiscal year may increase or decrease by way of “Capital Reserve” budget amendments.</i>
Capital Spend Rate Assumption Adjustment	<i>No budget amendment is required. The Board of Directors adopts a capital spending ratio assumption (SRA) which allows the realities of capital program delivery to align with the financial plan. The SRA is an analytical approach to bridge the total dollar amount of projects in the CIP with what can realistically be spent due to limitations beyond GLWA’s control and/or delayed for nonbudgetary reasons. Those limitations, whether financial or non-financial, necessitate the SRA for budgetary purposes, despite the prioritization established. Amendments to the spend rate assumption are made to align the projected financial use of resources with revised capital improvement plan spending forecasts. The most recent quarterly construction work-in-progress report is presented in the <a href="#">September 2020 Audit Committee binder</a>.</i>



Quarterly Budget Amendment Report  
FY 2021 Ending September 30, 2020

**Appropriation Level – Construction Bond Fund – Sewer System**

Sewer Construction Bond Fund	FY 2021 Board Adopted Budget	Deferral 1 through 9/30/2020	Deferral 2 through 12/31/2020	FY 2021 Amended Budget	Total 1st Quarter FY 2021 Amendments	FY 2021 Activity Thru 7/31/2020
<b>Revenues</b>						
Transfer from Improvement & Extension Fund	\$ 42,500,000	\$ -	\$ -	\$ -	\$ 42,500,000	\$ -
Bond Proceeds	-	-	-	-	-	-
Grant Revenues (SRF Loans)	33,200,000	-	-	-	33,200,000	950,375
Earnings on Investments	497,700	-	(388,200)	(388,200)	109,500	10,186
Net Use of Reserves	6,781,300	-	388,200	388,200	7,169,500	-
<b>Total Revenues</b>	<b>\$ 82,979,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 82,979,000</b>	<b>\$ 960,561</b>
<b>Expenditures</b>						
Capital Improvement Plan	\$ 110,638,000	\$ -	\$ -	\$ -	\$ 110,638,000	\$ 5,191,462
Capital Spend Rate Adjustment	(27,659,000)	-	-	-	(27,659,000)	-
<b>Total Expenditures</b>	<b>\$ 82,979,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 82,979,000</b>	<b>\$ 5,191,462</b>

Appropriation Level – Construction Bond Fund – Sewer System Budget Amendment Explanations	
<b>Revenues</b>	
Transfers from Improvement & Extension Fund	<i>No budget amendment is required.</i>
Bond Proceeds	<i>No budget amendment is required.</i>
Grant Revenues (State Revolving Fund Loans)	<i>No budget amendment is required. State revolving fund loan disbursements are on a reimbursement basis. The amount and timing of funds fluctuates with project expenditures incurred. Details related to the SRF projects are presented in the quarterly debt report. The most recent quarterly debt report is presented in the <a href="#">August 2020 Audit Committee binder</a> which provides details related to the SRF funding and associated projects.</i>

<b>Appropriation Level – Construction Bond Fund – Sewer System Budget Amendment Explanations</b>	
Earnings on Investments	<i>Decrease in earnings due to market conditions since declaration of COVID-19 pandemic emergency.</i>
Net Use of Revenues	<i>This amount represents the net amount of revenues less expenditures. A “use of reserves” indicates a spend down of prior year reserves. The amount has been amended to offset the reduction to the Earnings on Investments.</i>
<b><i>Expenditures</i></b>	
Capital Improvement Plan	<i>No budget amendment is required. After contracts are awarded at amounts variant from the CIP plan and more reliable anticipated spend data becomes available, the amended budget for the current fiscal year may increase or decrease by way of “Capital Reserve” budget amendments.</i>
Capital Spend Rate Adjustment	<i>No budget amendment is required. The Board of Directors adopts a capital spending ratio assumption (SRA) which allows the realities of capital program delivery to align with the financial plan. The SRA is an analytical approach to bridge the total dollar amount of projects in the CIP with what can realistically be spent due to limitations beyond GLWA’s control and/or delayed for nonbudgetary reasons. Those limitations, whether financial or non-financial, necessitate the SRA for budgetary purposes, despite the prioritization established. Amendments to the spend rate assumption are made to align the projected financial use of resources with revised capital improvement plan spending forecasts. The most recent quarterly construction work-in-progress report is presented in the <a href="#">September 2020 Audit Committee binder</a>.</i>